



## **II. FINANCIAL SECTION**

### **REQUIRED SUPPLEMENTARY INFORMATION**

## REQUIRED SUPPLEMENTARY INFORMATION

## BUDGETARY COMPARISON SCHEDULE

## MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

(In Thousands)

	GENERAL FUND			VARIANCE WITH FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Beginning budgetary fund balance	\$ 686,012	\$ 686,012	\$ 686,012	\$ -
Resources (inflows):				
General Purpose Revenues:				
Taxes	6,816,100	9,580,332	9,580,332	-
Federal	23,000	14,812	14,812	-
Local	1,000	115	115	-
Licenses and permits	35,000	37,376	37,376	-
Services	8,100	18,381	18,381	-
Miscellaneous	120,600	210,020	210,020	-
Proceeds from sale of capital assets	23,900	23,027	23,027	-
Transfers in	165,000	229,945	229,945	-
Restricted Revenues:				
Taxes	178,779	3,790,430	3,790,430	-
Federal	902,558	10,716,679	10,716,679	-
Local	29,608	229,254	229,254	-
Licenses and permits	-	247,007	247,007	-
Services	-	269,409	269,409	-
Miscellaneous	342,887	548,927	548,927	-
Proceeds from sale of capital assets	-	4,354	4,354	-
Transfers in	-	49,793	49,793	-
Total Revenue Inflows	<u>8,646,532</u>	<u>25,969,860</u>	<u>25,969,860</u>	<u>-</u>
Amounts Available for Appropriation	<u>9,332,544</u>	<u>26,655,871</u>	<u>26,655,871</u>	<u>-</u>
Charges to Appropriations (outflows):				
Legislative Branch	22,654	130,575	130,199	375
Judicial Branch	21,527	248,037	247,367	671
Executive Branch:				
Agriculture	9,186	83,884	83,867	17
Attorney General	5,429	69,148	68,648	500
Civil Rights	1,154	14,515	13,848	667
Colleges and Universities Grants	352,401	2,098,718	2,098,191	527
Community Health	950,371	11,957,027	11,923,742	33,285
Corrections	162,802	2,035,396	2,022,888	12,508
Education	7,805	96,909	91,013	5,896
Environmental Quality	35,223	198,638	198,280	359
Executive Office	439	5,317	5,170	147
History, Arts & Libraries	4,192	49,485	48,138	1,346
Human Services	378,820	4,692,384	4,620,872	71,512
Labor and Economic Growth	105,153	798,340	797,091	1,249
Management and Budget	81,386	473,769	464,276	9,492
Military and Veterans Affairs	10,314	124,324	122,685	1,639
Natural Resources	23,603	72,355	72,292	64
State	22,234	192,472	189,869	2,603
State Police	47,207	495,322	491,967	3,355
Transportation	-	-	-	-
Treasury	215,645	2,650,037	2,629,093	20,945
Intrafund expenditure reimbursements	-	(591,687)	(591,687)	-
Total Charges to Appropriations	<u>2,457,544</u>	<u>25,894,966</u>	<u>25,727,809</u>	<u>167,157</u>
Reconciling Items:				
Change in noncurrent assets	-	9,116	9,116	-
Net Reconciling Items	-	9,116	9,116	-
Ending Budgetary Fund Balance	<u>\$ 6,875,000</u>	<u>\$ 770,022</u>	<u>\$ 937,178</u>	<u>\$ 167,157</u>

COUNTER-CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND				SCHOOL AID FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 2,090	\$ 2,090	\$ 2,090	\$ -	\$ 83,925	\$ 83,925	\$ 83,925	\$ -
-	-	-	-	984,858	10,772,286	10,772,286	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
100	66	66	-	-	30,864	30,864	-
-	-	-	-	-	-	-	-
-	-	-	-	64,266	740,842	740,842	-
-	-	-	-	-	-	-	-
-	-	-	-	1,479,326	1,377,664	1,377,664	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,182	29,127	29,127	-
100	66	66	-	2,531,632	12,950,783	12,950,783	-
2,190	2,156	2,156	-	2,615,557	13,034,708	13,034,708	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,531,632	12,812,387	12,788,952	23,435
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,531,632	12,812,387	12,788,952	23,435
-	-	-	-	-	-	-	-
-	-	-	-	-	4,249	4,249	-
-	-	-	-	-	4,249	4,249	-
\$ 2,190	\$ 2,156	\$ 2,156	\$ -	\$ 83,925	\$ 226,569	\$ 250,005	\$ 23,435

## REQUIRED SUPPLEMENTARY INFORMATION

## BUDGETARY COMPARISON SCHEDULE

## BUDGET-TO-GAAP RECONCILIATION

SEPTEMBER 30, 2008

(In Thousands)

	GENERAL FUND	COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND	SCHOOL AID FUND
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 26,655,871	\$ 2,156	\$ 13,034,708
Differences - budget to GAAP:			
Budgetary fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(686,012)	(2,090)	(83,925)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(27,381)	-	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(279,738)	-	(769,969)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 25,662,741</u>	<u>\$ 66</u>	<u>\$ 12,180,814</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 25,727,809	\$ -	\$ 12,788,952
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(66,895)	-	1,232
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(416,549)	-	(3,833)
Capital lease acquisitions are not outflows of budgetary resources but are recorded as current expenditures and other financing sources under GAAP.	106,248	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 25,350,613</u>	<u>\$ -</u>	<u>\$ 12,786,351</u>

## Required Supplementary Information

### Notes to Required Supplementary Information – Budgetary Reporting

#### Statutory/Budgetary Presentation

The various funds and programs within funds utilize a number of different budgetary control processes. Annual legislative appropriations and revenue estimates are provided for most “operating” funds. Note 2 of the basic financial statements identifies the annually budgeted operating funds.

The original executive budget and original legislative appropriations provide general purpose (unrestricted) revenue estimates in order to demonstrate compliance with constitutional provisions. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

The budgetary comparison schedule presented for the General Fund, the Budget Stabilization Fund, and the School Aid Fund presents both the original and final appropriated budgets for fiscal year 2008, as well as the actual resource inflows, outflows, and fund balance stated on the budgetary basis. The supplementary portion of this report includes a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, by fund type, for non-major special revenue and permanent funds with annual budgets. Those schedules only include the final appropriated budget.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of October 1, 2007, and includes multi-year projects budgetary carry-forwards from the prior fiscal year. On October 1, 2007, the Governor signed a 30-day continuation budget to allow the Legislature more time to pass individual budgets for fiscal year 2008. As a result, the General Fund original budget was only \$2.5 billion. Later in the fiscal year, the Legislature passed full budgets for each State agency and department.

The budgetary fund balance represents total fund balance, net of reserves for noncurrent assets and prior year encumbrances. Reserves for noncurrent assets do not represent current financial resources available for appropriation and are removed for budgetary purposes. Prior year encumbrances are considered uses of spending authority in the year the State incurs an obligation and are also removed.

Generally Accepted Accounting Principles (GAAP) require that the final legal budget be reflected in the “final budget” column, therefore updated revenue estimates available for appropriations as of November 30, rather than the amounts shown in the original budget, are reported. The November 30 date is used because P.A. 431 of 1984, as amended, permits budget adjustments by the Legislature through 60 days after year-end.

The final appropriations budget represents original and supplemental appropriations, carry-forwards, carry-backs (i.e., current year appropriations for prior year overdrafts), approved transfers, executive order reductions, and timing differences. Expenditures, transfers out, other financing uses, and encumbrances are combined and classified by department rather than being reported by character and function as shown in the GAAP statements. This departmental classification is used to better reflect organizational responsibility and to be more consistent with the budget process. Appropriations include interagency expenditure reimbursement, in which one agency provides funding to another agency within the same fund. The final budget and actual amounts are adjusted to eliminate the duplication.

The timing differences result from unspent authorizations for multi-year projects, such as capital outlay and work projects, and from restricted revenues that had not been appropriated for expenditure in the current year. Such authorization balances remaining at year-end are removed from the final budget column to provide an “annualized” budget.

Positive “variances” reflect restricted revenues that were appropriated and available for expenditure in the current year and unused general purpose spending authority (lapses); negative “variances” reflect budgetary overdrafts. If both positive and negative variances exist for a particular line, the amount shown is the net variance.

#### Statutory/Budgetary Reconciliation

The statutory/budgetary basis presentation differs from GAAP in ways that do not affect ending fund balance.

For budgetary reporting purposes, expenditures and transfers out in the “Actual” column include recorded encumbrances, because they are considered uses of spending authority in the year the State incurs an obligation. Therefore, the “Original” and “Final Budget” columns do not include encumbrance authorization balances carried over from the prior fiscal year. In the GAAP basis statements, expenditures do not include encumbrances. The effect of this difference is reflected as a reconciling item on the Budgetary Comparison Schedule for the major funds and the Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the non-major special revenue funds and permanent funds.

For budgetary purposes, capitalizable lease expenditures are recognized when payments are due, rather than upon lease inception as required by GAAP. This difference does not affect fund balance because the “other financing sources” recorded under GAAP at lease inception are not recorded on the statutory/budgetary basis.

#### Statewide Authorization Dispositions

Subsequent to the release of this report, the State publishes “Statewide Authorization Dispositions” to demonstrate its compliance with the legal level of budgetary control. The report includes line-item appropriation details for the General Fund and budgeted operating funds, and is available by contacting the Office of Financial Management at (517) 373-3029.

## Required Supplementary Information

### Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State’s network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. The State is responsible for maintaining approximately 27,478 lane miles of roads and 4,761 bridges (spans in excess of 20 feet).

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

#### Roads

##### Measurement Scale

The Michigan Department of Transportation (MDOT) uses numerous methods to determine the condition of roadway pavements; however, the Sufficiency Rating serves as the State’s primary method to measure and monitor pavement conditions. In use since 1961, the Sufficiency Rating is a visual analysis conducted by an engineer and includes a 5-point scale, as follows:

Rating	Bituminous Surface	Concrete Surface
1.0 = Excellent	Pavement shows no visible deterioration. Distresses are non-existent.	Same
2.0 = Good	Some indication of initial deterioration, but not yet requiring appreciable amounts of maintenance. Distress items include the start of small transverse and/or longitudinal cracks. Slight rutting may be apparent in the wheel path.	Some indication of initial deterioration, but not yet requiring appreciable amounts of maintenance. Distress items may include the start of small transverse and/or longitudinal cracks, or slight seam and joint separation. Joints may show very small amounts of deterioration.
3.0 = Fair	Average deterioration requiring occasional routine maintenance. Distresses may include minor transverse and longitudinal cracking becoming continuous throughout the segment. Severe cracking is patched effectively. Rutting may be a little more severe and hold small amounts of water.	Average deterioration requiring occasional routine maintenance. Distresses may include minor transverse and longitudinal cracking becoming continuous throughout the segment. Severe cracking is patched effectively. Through-lanes and shoulders may begin to show separation from failing tie bars.
4.0 = Poor	Excessive deterioration requiring frequent maintenance and warrants resurfacing soon. Distress may be evident in wide transverse and longitudinal cracks. Severe “shallow cracking” could be evident if the pavement is composite. If the segment has been patched, the cracks may be showing through. Rutting is severe and may effect driving.	Excessive deterioration requiring frequent maintenance and warrants resurfacing soon. Distress may be evident in wide transverse and longitudinal cracks. If the segment has been patched, cracks may be showing through. Joint repairs could begin to fail. Shoulder and/or through-lane separation may be apparent. Popouts or spalling could also be present in the section.
5.0 = Very Poor/ Failed	Extreme deterioration requiring continuous maintenance and warrants resurfacing or total cross-section replacement. Distress items may include severe transverse and longitudinal cracking or severe alligator cracking. Shadow cracking in composite pavement is wider than one inch. Rutting in wheel path may be severe and patching is no longer beneficial to pavement condition.	Extreme deterioration requiring continuous maintenance and warrants resurfacing or total cross-section replacement. Distress items may include severe transverse and longitudinal cracking, joints failing, and the patching is no longer beneficial to pavement condition. Spalling and edge cracking could also be severe.

##### Established Condition Level

No more than 30% of the pavements shall be rated as “poor” or “very poor.”

##### Assessed Conditions

The State assesses condition on a calendar year basis. The following table reports the percentage of pavements meeting ratings of “Good” or “Poor,” for the past three years. “Good” represents ratings of 1.0 through 3.0 above and “Poor” represents ratings of 4.0 and 5.0.

Rating	2007	2006	2005
Good	83.6%	83.2%	81.4%
Poor	16.4%	16.8%	18.6%

## Bridges

### Measurement Scale

MDOT utilizes the National Bridge Inventory to monitor the condition of bridges (spans in excess of 20 feet) under its jurisdiction. The inventory rates bridges, including the deck, superstructure and substructure, using a 10-point scale:

Rating	Description
9	Excellent (no specific definition).
8	Very good. No problems noted.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling, or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action.

### Established Condition Level

No more than 35% of the highway bridges shall be rated as "structurally deficient."

### Assessed Conditions

"Structurally deficient" results when a condition of 4 or worse is assessed to at least one of the major structural elements (e.g. the deck, superstructure, or substructure). The following table reports the percentage of bridges whose condition was assessed as "structurally deficient," in the stated year:

Calendar Year	Structurally Deficient
2007	11.4%
2006	12.8%
2005	15.2%

Bridges that do not carry highway traffic are not included in MDOT's condition assessment. As a result, the number of bridges that were evaluated (4,416) in calendar year 2007 is less than the total (4,761) maintained by the department.

MDOT implemented a change in methodology for the above table in calendar year 2006. Comparable prior year amounts are not available.

### Estimated and Actual Costs to Maintain

The following table presents the State's estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the "Established Condition Levels" cited above, and the actual amount spent during the past five fiscal years (in millions):

Fiscal Year	Estimated Spending	Actual Spending
2009	\$1,081.7	\$ -
2008	\$ 829.0	\$1,003.7
2007	\$1,013.0	\$1,139.0
2006	\$1,109.0	\$1,131.4
2005	\$ 932.0	\$1,072.3
2004	\$ 921.0	\$ 857.6







## **II. FINANCIAL SECTION**

### **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES - NON-MAJOR FUNDS**

**BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
 SEPTEMBER 30, 2008  
 (In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 859	\$ -	\$ -	\$ -	\$ 859
Equity in common cash	1,089,201	1,437	1,862	197,141	1,289,642
Taxes, interest, and penalties receivable	96,354	-	-	-	96,354
Amounts due from other funds	515,667	-	17,019	-	532,686
Amounts due from component units	1,520	-	-	-	1,520
Amounts due from federal agencies	200,025	-	-	-	200,025
Amounts due from local units	169,749	-	3	32	169,783
Inventories	5,792	-	-	-	5,792
Investments	75,346	219,238	16,879	-	311,463
Other current assets	229,615	291	42	15,733	245,681
Total Current Assets	<u>2,384,127</u>	<u>220,966</u>	<u>35,806</u>	<u>212,907</u>	<u>2,853,806</u>
Taxes, interest, and penalties receivable	5,819	-	-	-	5,819
Amounts due from local units	50,775	-	-	-	50,775
Investments	181,698	-	-	485,466	667,164
Other noncurrent assets	5,519	-	-	-	5,519
Total Assets	<u>\$ 2,627,938</u>	<u>\$ 220,966</u>	<u>\$ 35,806</u>	<u>\$ 698,373</u>	<u>\$ 3,583,083</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Warrants outstanding	\$ 4,946	\$ 1	\$ 54	\$ 2,441	\$ 7,441
Accounts payable and other liabilities	639,747	148	35,583	7,995	683,474
Amounts due to other funds	55,788	-	28,120	59	83,967
Bonds and notes payable	-	-	210,310	-	210,310
Interest payable	-	-	457	-	457
Deferred revenue	226,705	-	-	-	226,705
Total Current Liabilities	<u>927,186</u>	<u>149</u>	<u>274,524</u>	<u>10,495</u>	<u>1,212,354</u>
Long-Term Liabilities:					
Deferred revenue	10,662	-	-	-	10,662
Total Liabilities	<u>937,847</u>	<u>149</u>	<u>274,524</u>	<u>10,495</u>	<u>1,223,016</u>
Fund Balances:					
Reserved fund balance	1,080,799	300	-	633,087	1,714,186
Unreserved fund balance (deficit)	609,292	220,517	(238,718)	54,791	645,882
Total Fund Balances	<u>1,690,090</u>	<u>220,817</u>	<u>(238,718)</u>	<u>687,878</u>	<u>2,360,067</u>
Total Liabilities and Fund Balances	<u>\$ 2,627,938</u>	<u>\$ 220,966</u>	<u>\$ 35,806</u>	<u>\$ 698,373</u>	<u>\$ 3,583,083</u>

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
<b>REVENUES</b>					
Taxes	\$ 1,932,088	\$ -	\$ -	\$ -	\$ 1,932,088
From federal agencies	1,323,483	-	-	-	1,323,483
From local agencies	12,978	-	-	-	12,978
From services	3,590	-	-	-	3,590
From licenses and permits	157,024	-	-	-	157,024
Miscellaneous	759,140	3,639	577	99,827	863,183
Total Revenues	4,188,302	3,639	577	99,827	4,292,346
<b>EXPENDITURES</b>					
Current:					
General government	262,595	2,783	-	5,447	270,824
Education	88,059	829	69,273	-	158,160
Human services	18,679	-	-	-	18,679
Public safety and corrections	182	-	-	2,280	2,462
Conservation, environment, recreation, and agriculture	238,804	-	1	16,974	255,778
Labor, commerce, and regulatory	193,786	-	-	-	193,786
Health services	69,900	-	-	-	69,900
Transportation	2,338,905	2	-	-	2,338,907
Capital outlay	1,161,389	-	26,656	24,870	1,212,915
Debt Service:					
Bond principal retirement	-	238,371	-	-	238,371
Bond interest and fiscal charges	-	339,237	-	-	339,237
Capital lease payments	1,490	-	-	-	1,490
Total Expenditures	4,373,789	581,221	95,929	49,570	5,100,510
Excess of Revenues over (under) Expenditures	(185,487)	(577,582)	(95,352)	50,257	(808,164)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds and notes issued	88,742	-	96,500	-	185,242
Refunding bonds issued	-	347,446	-	-	347,446
Premium on bond issuance	1,215	15,596	-	-	16,811
Discount on bond issuance	(1,042)	(2,267)	-	-	(3,309)
Capital lease acquisitions	4,590	-	-	-	4,590
Payment to refunded bond escrow agent	-	(361,879)	-	-	(361,879)
Proceeds from sale of capital assets	3,006	-	-	118	3,124
Transfers from other funds	1,099,308	590,335	75,139	10,000	1,774,781
Transfers to other funds	(1,411,249)	-	(75,135)	(10,081)	(1,496,465)
Total Other Financing Sources (Uses)	(215,430)	589,231	96,503	37	470,342
Excess of Revenues and Other Sources over (under) Expenditures Other Uses	(400,916)	11,649	1,151	50,294	(337,823)
Fund Balances - Beginning of fiscal year	2,091,007	209,168	(239,869)	637,584	2,697,890
Fund Balances - End of fiscal year	\$ 1,690,090	\$ 220,817	\$ (238,718)	\$ 687,878	\$ 2,360,067

**BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - BY CLASSIFICATION**  
 SEPTEMBER 30, 2008  
 (In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 803	\$ 56	\$ -	\$ -	\$ 859
Equity in common cash	516,702	209,620	63,454	299,425	1,089,201
Taxes, interest, and penalties receivable	96,184	170	-	-	96,354
Amounts due from other funds	506,889	2	8,775	-	515,667
Amounts due from component units	1,514	7	-	-	1,520
Amounts due from federal agencies	185,028	1,871	13,126	-	200,025
Amounts due from local units	169,409	339	-	-	169,749
Inventories	5,487	305	-	-	5,792
Investments	-	-	-	75,346	75,346
Other current assets	4,150	15,054	1,182	209,229	229,615
Total Current Assets	1,486,167	227,423	86,537	584,000	2,384,127
Taxes, interest, and penalties receivable	5,819	-	-	-	5,819
Amounts due from local units	37,627	13,148	-	-	50,775
Investments	-	113,041	-	68,658	181,698
Other noncurrent assets	2,982	1,543	-	994	5,519
Total Assets	\$ 1,532,594	\$ 355,155	\$ 86,537	\$ 653,651	\$ 2,627,938
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Warrants outstanding	\$ 3,308	\$ 568	\$ 1,038	\$ 31	\$ 4,946
Accounts payable and other liabilities	576,609	34,530	21,147	7,462	639,747
Amounts due to other funds	45,390	1,369	9,001	28	55,788
Deferred revenue	11,814	2,014	5,606	207,271	226,705
Total Current Liabilities	637,121	38,482	36,791	214,792	927,186
Long-Term Liabilities:					
Deferred revenue	8,800	1,543	-	318	10,662
Total Liabilities	645,921	40,025	36,791	215,110	937,847
Fund Balances:					
Reserves For:					
Budgetary Carry-Forwards:					
Encumbrances	124,690	18,876	255	-	143,822
Restricted revenues	226,529	74,032	9,980	-	310,541
Multi-year projects	248,730	26,786	-	-	275,516
Construction and debt service	116,470	-	-	-	116,470
Revolving loan programs	37,455	28,453	-	-	65,908
Funds held as permanent investments	-	123,928	-	19,774	143,702
Noncurrent assets	24,163	-	-	676	24,839
Total Reserved	778,038	272,074	10,235	20,451	1,080,799
Unreserved	108,635	43,056	39,510	418,090	609,292
Total Fund Balances	886,673	315,131	49,746	438,541	1,690,090
Total Liabilities and Fund Balances	\$ 1,532,594	\$ 355,155	\$ 86,537	\$ 653,651	\$ 2,627,938

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## SPECIAL REVENUE FUNDS - BY CLASSIFICATION

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
<b>REVENUES</b>					
Taxes	\$ 1,931,831	\$ 257	\$ -	\$ -	\$ 1,932,088
From federal agencies	1,180,781	5,856	135,808	1,039	1,323,483
From local agencies	12,978	-	-	-	12,978
From services	3,590	-	-	-	3,590
From licenses and permits	39,687	108,036	9,301	-	157,024
Miscellaneous	168,143	76,847	68,858	445,293	759,140
Total Revenues	3,337,008	190,996	213,966	446,332	4,188,302
<b>EXPENDITURES</b>					
Current:					
General government	-	1,406	19,149	242,039	262,595
Education	-	-	-	88,059	88,059
Human services	-	-	-	18,679	18,679
Public safety and corrections	-	-	-	182	182
Conservation, environment, recreation, and agriculture	-	238,804	-	-	238,804
Labor, commerce, and regulatory	-	-	193,786	-	193,786
Health services	-	-	-	69,900	69,900
Transportation	2,338,905	-	-	-	2,338,905
Capital outlay	1,145,598	15,791	-	-	1,161,389
Debt Service:					
Capital lease payments	90	-	1,400	-	1,490
Total Expenditures	3,484,593	256,002	214,336	418,859	4,373,789
Excess of Revenues over (under) Expenditures	(147,584)	(65,006)	(370)	27,473	(185,487)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds and notes issued	-	25,000	-	63,742	88,742
Premium on bond issuance	-	1,215	-	-	1,215
Discount on bond issuance	-	-	-	(1,042)	(1,042)
Capital lease acquisitions	464	-	4,126	-	4,590
Proceeds from sale of capital assets	3,006	-	-	-	3,006
Transfers from other funds	993,906	35,400	10,002	60,000	1,099,308
Transfers to other funds	(1,245,596)	(21,130)	(12,843)	(131,680)	(1,411,249)
Total Other Financing Sources (Uses)	(248,220)	40,485	1,285	(8,980)	(215,430)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(395,804)	(24,521)	915	18,494	(400,916)
Fund Balances - Beginning of fiscal year	1,282,478	339,651	48,830	420,047	2,091,007
Fund Balances - End of fiscal year	\$ 886,673	\$ 315,131	\$ 49,746	\$ 438,541	\$ 1,690,090

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - BY CLASSIFICATION**  
FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)

Statutory/Budgetary Basis	TRANSPORTATION RELATED			CONSERVATION, ENVIRONMENT, AND RECREATION RELATED		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
Taxes	\$ 1,931,831	\$ 1,931,831	\$ -	\$ 257	\$ 257	\$ -
From federal agencies	832,518	832,518	-	5,163	5,163	-
From local agencies	10,275	10,275	-	-	-	-
From services	3,590	3,590	-	-	-	-
From licenses and permits	39,687	39,687	-	108,036	108,036	-
Miscellaneous	83,689	83,689	-	38,466	38,466	-
Bonds and notes issued	-	-	-	-	-	-
Proceeds from sale of capital assets	3,006	3,006	-	-	-	-
Transfers in	993,906	993,906	-	28,938	28,938	-
Total Revenues and Other Sources	3,898,502	3,898,502	-	180,860	180,860	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Attorney General	-	-	-	-	-	-
Colleges and Universities Grants	-	-	-	-	-	-
Community Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Labor and Economic Growth	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	219,355	214,524	4,831
Transportation	4,346,979	4,199,215	147,764	-	-	-
Treasury	-	-	-	258	258	-
Total Expenditures, Transfers Out, and Encumbrances	4,346,979	4,199,215	147,764	219,613	214,782	4,831
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (448,477)</u>	<u>(300,713)</u>	<u>\$ 147,764</u>	<u>\$ (38,753)</u>	<u>(33,922)</u>	<u>\$ 4,831</u>
Reconciling Items:						
Encumbrances at September 30		124,690			18,876	
Funds not annually budgeted		(219,781)			(9,475)	
Net Reconciling Items		(95,091)			9,401	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(395,804)			(24,521)	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		1,282,478			339,651	
Ending balances (GAAP Basis)		<u>\$ 886,673</u>			<u>\$ 315,131</u>	

REGULATORY AND ADMINISTRATIVE RELATED			OTHER STATE FUNDS			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,932,088	\$ 1,932,088	\$ -
135,808	135,808	-	1,039	1,039	-	974,528	974,528	-
-	-	-	-	-	-	10,275	10,275	-
-	-	-	-	-	-	3,590	3,590	-
9,301	9,301	-	-	-	-	157,024	157,024	-
42,429	42,429	-	298,256	298,256	-	462,840	462,840	-
-	-	-	63,742	63,742	-	63,742	63,742	-
-	-	-	-	-	-	3,006	3,006	-
10,002	10,002	-	60,000	60,000	-	1,092,845	1,092,845	-
197,539	197,539	-	423,038	423,038	-	4,699,939	4,699,939	-
-	-	-	407	358	49	407	358	49
-	-	-	98,050	92,309	5,741	98,050	92,309	5,741
-	-	-	69,900	69,900	-	69,900	69,900	-
-	-	-	20,699	18,680	2,019	20,699	18,680	2,019
172,862	167,123	5,739	-	-	-	172,862	167,123	5,739
-	-	-	1,000	182	818	1,000	182	818
-	-	-	-	-	-	219,355	214,524	4,831
-	-	-	-	-	-	4,346,979	4,199,215	147,764
30,464	30,464	-	628,697	223,120	405,577	659,418	253,841	405,577
203,326	197,587	5,739	818,753	404,549	414,204	5,588,671	5,016,132	572,538
<u>\$ (5,786)</u>	<u>(48)</u>	<u>\$ 5,739</u>	<u>\$ (395,715)</u>	<u>18,489</u>	<u>\$ 414,204</u>	<u>\$ (888,732)</u>	<u>(316,193)</u>	<u>\$ 572,538</u>
	255			-			143,822	
	<u>708</u>			<u>4</u>			<u>(228,544)</u>	
	963			<u>4</u>			<u>(84,723)</u>	
	915			<u>18,494</u>			<u>(400,916)</u>	
	<u>48,830</u>			<u>420,047</u>			<u>2,091,007</u>	
	<u>\$ 49,746</u>			<u>\$ 438,541</u>			<u>\$ 1,690,090</u>	





## **SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**

### **STATE AERONAUTICS FUND**

Established pursuant to Michigan Compiled Laws Section 259.34, this fund accounts for airport improvement projects. Financing consists primarily of aviation fuel taxes and federal contributions. Although subject to change in the future, annual appropriation acts have allowed any unobligated and unexpended balance at fiscal year-end to lapse and revert to the fund for appropriation in the following year.

### **STATE TRUNKLINE FUND**

Established pursuant to Michigan Compiled Laws Section 247.661, this fund accounts for highway construction and maintenance. Its annual budget is subject to legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Financing consists primarily of federal aid, local participation, and transfers from the Michigan Transportation Fund. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. Although subject to change in the future, annual appropriation acts have allowed for any fund balance not otherwise reserved at fiscal year-end to be reserved for road and bridge construction.

This fund also is used to record loans made to local units of government for reconstructing and resurfacing roadways. Activities of the Blue Water Bridge program, segregated as a separate fund within the accounting system, are also reported within the State Trunkline Fund.

### **MICHIGAN TRANSPORTATION FUND**

Established pursuant to Michigan Compiled Laws Section 247.660, this fund accounts for the receipt and distribution of several tax revenues dedicated for highway purposes. Transfers are made to the General Fund, State Trunkline Fund, and the Comprehensive Transportation Fund. Expenditures include grants to counties, cities, and villages for highway purposes.

### **COMPREHENSIVE TRANSPORTATION FUND**

Established pursuant to Michigan Compiled Laws Section 247.660, this fund accounts for the planning and development of public transportation systems within the State. Federal revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund provide financing for expenditures. In accordance with statutory provisions, any unencumbered balance at fiscal year-end lapses and reverts to the fund for appropriation in the following year.

### **COMBINED STATE TRUNKLINE BOND PROCEEDS FUND**

Established pursuant to Michigan Compiled Laws Section 247.668, this fund accounts for the proceeds of State trunkline revenue dedicated bonds. These bonds are used in part to finance the costs of road and bridge construction.

### **COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND**

Established pursuant to Michigan Compiled Laws Section 247.668, this fund accounts for the proceeds of comprehensive transportation revenue dedicated bonds. These bonds are used in part to finance the costs of comprehensive transportation projects.

### **TRANSPORTATION RELATED TRUST FUNDS**

The transportation related trust funds reflects the activities of five sub-funds: the Special Federal Bridge Replacement Fund, the Federal County Road Fund, the Federal Urban Transportation System Fund, the Highway Topics and Safety Program Fund, and the Metropolitan Planning Fund. The Michigan Department of Transportation is recognized as the legal representative of the State, including all governmental subdivisions, in the administration of these programs. The financing accounted for in these funds consists primarily of federal matching funds with very little State funds.

**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**  
 SEPTEMBER 30, 2008  
 (In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 2	\$ 788	\$ -	\$ 1
Equity in common cash	20,534	167,505	155,771	60,437
Taxes, interest, and penalties receivable	67	-	96,117	-
Amounts due from other funds	-	499,818	-	7,071
Amounts due from component units	-	1,514	-	-
Amounts due from federal agencies	20,543	121,569	-	9,606
Amounts due from local units	27,582	81,982	-	1,194
Inventories	-	5,487	-	-
Other current assets	30	4,015	4	101
Total Current Assets	68,759	882,677	251,891	78,411
Taxes, interest, and penalties receivable	335	-	5,484	-
Amounts due from local units	299	32,888	-	4,439
Other noncurrent assets	-	2,136	-	846
Total Assets	\$ 69,393	\$ 917,701	\$ 257,375	\$ 83,696
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ 24	\$ 2,582	\$ 190	\$ 239
Accounts payable and other liabilities	45,955	197,716	213,846	18,080
Amounts due to other funds	61	2,825	31,955	79
Deferred revenue	7	3,499	5,900	2
Total Current Liabilities	46,046	206,622	251,891	18,399
Long-Term Liabilities:				
Deferred revenue	335	2,136	5,484	846
Total Liabilities	46,381	208,757	257,375	19,245
Fund Balances:				
Reserves for:				
Budgetary carry-forwards:				
Encumbrances	4,958	81,714	-	38,019
Restricted revenues	268	225,365	-	897
Multi-year projects	9,272	239,458	-	-
Construction and debt service	-	116,470	-	-
Revolving loan programs	2,200	21,773	-	13,482
Noncurrent assets	-	24,163	-	-
Total Reserved	16,697	708,943	-	52,397
Unreserved	6,315	-	-	12,054
Total Fund Balances	23,012	708,943	-	64,451
Total Liabilities and Fund Balances	\$ 69,393	\$ 917,701	\$ 257,375	\$ 83,696

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUNDS	TOTALS
\$ -	\$ -	\$ 13	\$ 803
53,348	59,108	-	516,702
-	-	-	96,184
-	-	-	506,889
-	-	-	1,514
225	-	33,085	185,028
2,617	-	56,035	169,409
-	-	-	5,487
-	-	-	4,150
<u>56,189</u>	<u>59,108</u>	<u>89,133</u>	<u>1,486,167</u>
-	-	-	5,819
-	-	-	37,627
-	-	-	2,982
<u>\$ 56,189</u>	<u>\$ 59,108</u>	<u>\$ 89,133</u>	<u>\$ 1,532,594</u>
\$ -	\$ 8	\$ 266	\$ 3,308
18,364	4,252	78,396	576,609
-	-	10,471	45,390
2,407	-	-	11,814
<u>20,771</u>	<u>4,259</u>	<u>89,133</u>	<u>637,121</u>
-	-	-	8,800
<u>20,771</u>	<u>4,259</u>	<u>89,133</u>	<u>645,921</u>
-	-	-	124,690
-	-	-	226,529
-	-	-	248,730
-	-	-	116,470
-	-	-	37,455
-	-	-	24,163
<u>-</u>	<u>-</u>	<u>-</u>	<u>778,038</u>
35,418	54,849	-	108,635
35,418	54,849	-	886,673
<u>\$ 56,189</u>	<u>\$ 59,108</u>	<u>\$ 89,133</u>	<u>\$ 1,532,594</u>

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND
<b>REVENUES</b>				
Taxes	\$ 5,344	\$ -	\$ 1,844,372	\$ 82,114
From federal agencies	108,295	692,226	-	31,997
From local agencies	34	10,241	-	-
From services	428	18	3,144	-
From licenses and permits	302	5,996	33,076	312
Miscellaneous	4,322	72,497	5,470	1,400
Total Revenues	118,725	780,979	1,886,063	115,824
<b>EXPENDITURES</b>				
Current:				
Transportation	119,838	630,326	921,347	240,849
Capital outlay	323	969,731	-	-
Debt service:				
Capital lease payments	-	90	-	-
Total Expenditures	120,160	1,600,146	921,347	240,849
Excess of Revenues over (under) Expenditures	(1,435)	(819,168)	964,716	(125,025)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease acquisitions	-	464	-	-
Proceeds from sale of capital assets	-	3,006	-	-
Transfers from other funds	6,000	822,618	3,506	161,782
Transfers to other funds	(3,521)	(190,835)	(968,222)	(29,909)
Total Other Financing Sources (Uses)	2,479	635,253	(964,716)	131,874
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,044	(183,915)	-	6,848
Fund Balances - Beginning of fiscal year	21,968	892,858	-	57,603
Fund Balances - End of fiscal year	\$ 23,012	\$ 708,943	\$ -	\$ 64,451

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 1,931,831
56,434	-	291,828	1,180,781
2,703	-	-	12,978
-	-	-	3,590
-	-	-	39,687
81,576	2,586	291	168,143
<u>140,713</u>	<u>2,586</u>	<u>292,120</u>	<u>3,337,008</u>
118,701	15,725	292,120	2,338,905
175,465	80	-	1,145,598
-	-	-	90
<u>294,166</u>	<u>15,805</u>	<u>292,120</u>	<u>3,484,593</u>
<u>(153,453)</u>	<u>(13,219)</u>	<u>-</u>	<u>(147,584)</u>
-	-	-	464
-	-	-	3,006
-	-	-	993,906
<u>(53,109)</u>	<u>-</u>	<u>-</u>	<u>(1,245,596)</u>
<u>(53,109)</u>	<u>-</u>	<u>-</u>	<u>(248,220)</u>
(206,562)	(13,219)	-	(395,804)
<u>241,981</u>	<u>68,068</u>	<u>-</u>	<u>1,282,478</u>
<u>\$ 35,418</u>	<u>\$ 54,849</u>	<u>\$ -</u>	<u>\$ 886,673</u>

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	STATE AERONAUTICS FUND		
	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>			
Taxes	\$ 5,344	\$ 5,344	\$ -
From federal agencies	108,295	108,295	-
From local agencies	34	34	-
From services	428	428	-
From licenses and permits	302	302	-
Miscellaneous	4,322	4,322	-
Proceeds from sale of capital assets	-	-	-
Transfers in	6,000	6,000	-
Total Revenues and Other Sources	124,725	124,725	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>			
Transportation	131,378	128,639	2,739
Total Expenditures, Transfers Out, and Encumbrances	131,378	128,639	2,739
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (6,653)	(3,914)	\$ 2,739
Reconciling Items:			
Encumbrances at September 30		4,958	
Funds not annually budgeted		-	
Net Reconciling Items		4,958	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		1,044	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balances		21,968	
Ending balances (GAAP Basis)		\$ 23,012	

STATE TRUNKLINE FUND			MICHIGAN TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ 1,844,372	\$ 1,844,372	\$ -
692,226	692,226	-	-	-	-
10,241	10,241	-	-	-	-
18	18	-	3,144	3,144	-
5,996	5,996	-	33,076	33,076	-
72,497	72,497	-	5,470	5,470	-
3,006	3,006	-	-	-	-
822,618	822,618	-	3,506	3,506	-
1,606,602	1,606,602	-	1,889,569	1,889,569	-
1,906,795	1,872,231	34,564	1,990,801	1,889,569	101,232
1,906,795	1,872,231	34,564	1,990,801	1,889,569	101,232
\$ (300,192)	(265,628)	\$ 34,564	\$ (101,232)	-	\$ 101,232
	81,714			-	
	-			-	
	81,714			-	
	(183,915)			-	
	892,858			-	
	\$ 708,943			\$ -	

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED (Continued)**

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>COMPREHENSIVE TRANSPORTATION FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES AND OTHER SOURCES</b>			
Taxes	\$ 82,114	\$ 82,114	\$ -
From federal agencies	31,997	31,997	-
From local agencies	-	-	-
From services	-	-	-
From licenses and permits	312	312	-
Miscellaneous	1,400	1,400	-
Proceeds from sale of capital assets	-	-	-
Transfers in	161,782	161,782	-
Total Revenues and Other Sources	277,606	277,606	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>			
Transportation	318,006	308,777	9,229
Total Expenditures, Transfers Out, and Encumbrances	318,006	308,777	9,229
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (40,400)	(31,171)	\$ 9,229
Reconciling Items:			
Encumbrances at September 30		38,019	
Funds not annually budgeted		-	
Net Reconciling Items		38,019	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		6,848	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balances		57,603	
Ending balances (GAAP Basis)		\$ 64,451	



## FUNDS NOT ANNUALLY BUDGETED

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUNDS	TOTALS		
ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ 1,931,831	\$ 1,931,831	\$ -
-	-	-	832,518	832,518	-
-	-	-	10,275	10,275	-
-	-	-	3,590	3,590	-
-	-	-	39,687	39,687	-
-	-	-	83,689	83,689	-
-	-	-	3,006	3,006	-
-	-	-	993,906	993,906	-
-	-	-	3,898,502	3,898,502	-
-	-	-	4,346,979	4,199,215	147,764
-	-	-	4,346,979	4,199,215	147,764
-	-	-	\$ (448,477)	(300,713)	\$ 147,764
-	-	-		124,690	
(206,562)	(13,219)	-		(219,781)	
(206,562)	(13,219)	-		(95,091)	
(206,562)	(13,219)	-		(395,804)	
241,981	68,068	-		1,282,478	
\$ 35,418	\$ 54,849	\$ -		\$ 886,673	

## SPECIAL REVENUE FUNDS – CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

### MICHIGAN CONSERVATION AND RECREATION LEGACY FUND

This fund ("Legacy Fund") was created by Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006. The purpose of the amendment was to constitutionally prevent the diversion of certain funds and revenues for purposes other than those for which they were created. Section 40 created the following accounts within the Legacy Fund: Forest Recreation, Game and Fish Protection, Off-Road Vehicle, Recreation Improvement, Snowmobile, State Park Improvement, and Waterways.

The implementing legislation related to this amendment, found in Sections 324.2002 – 324.2035 of the Michigan Compiled Laws, transferred a number of special revenue funds and certain restrictively financed activities within the General Fund to the Legacy Fund. The following special revenue funds were transferred into the fund: Game and Fish Protection Fund, Michigan State Waterways Fund, Marine Safety Fund, and State Park Improvement Fund. The restrictively financed activities transferred into the fund from the General Fund were related to various outdoor recreation activities including snowmobiles, off-the-road vehicles, recreation trails, and State forest recreation.

Financing consists primarily of hunting and fishing licenses; camping and park entrance fees; 2% of gasoline taxes dedicated for boating, snowmobiling, off-road vehicles and other trails; watercraft and snowmobile registration fees; and trail use permits. The fund also receives funding from the Michigan Game and Fish Protection Trust Fund. Expenditures are limited to those activities specified in Section 40 and include forest recreation activities, wildlife and fisheries programs, off-road vehicle and snowmobile trails and facilities, State parks and recreation areas, improvement of lake harbors and inland waterways, and water safety education programs.

### MICHIGAN GAME AND FISH PROTECTION TRUST FUND

The former Game and Fish Protection Trust Fund was established in 1986 to restrict certain assets for the purpose of generating interest and earnings for transfer to the former Game and Fish Protection Fund (now accounted for within the Michigan Conservation and Recreation Legacy Fund). Article 9, Section 41, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Game and Fish Protection Trust Fund.

The fund operates under Sections 324.43702 – 324.43704 of the Michigan Compiled Laws. The Legislature may appropriate up to \$6 million annually for use by the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund. Mineral royalties from lands acquired by the Game and Fish Protection Account; direct sale proceeds; and other revenues, which, by statute, are retained for permanent investment, provide additional investment funding.

### COMBINED RECREATION BOND FUND - LOCAL PROJECTS

Established in 1988, this fund operates under Sections 324.19606 - 324.19612, 324.19615, 324.71303, and 324.71506 - 324.71508 of the Michigan Compiled Laws (MCL). The residual balances in this fund reflect proceeds and investment earnings remaining from two bond packages: \$70 million of general obligation bonds approved by voters in November 1988, as part of a \$140 million bond package for financing state and local public recreation projects, and \$50 million of general obligation bonds approved by voters in November of 1998, as part of a \$675 million bond package known as the "Clean Michigan Initiative." Proceeds from the 1988 bond package provided grants and loans to local units of government in the amounts of \$65 million for local recreation projects and \$5 million to discourage development of open space and underdeveloped lands. Proceeds from the 1998 bond package also provided grants to local units of government for local recreation projects pursuant to MCL Section 324.71602.

### COMBINED ENVIRONMENTAL PROTECTION BOND FUND

This fund, which is administered by the Department of Environmental Quality (DEQ), was established by Michigan Compiled Laws (MCL) Section 324.19506 to account for the proceeds of \$660 million of Environmental Protection general obligation bonds approved by Michigan voters in November 1988. The statute specifies that the proceeds of these bonds be available to clean up sites of toxic and other environmental contamination, for solid waste projects, to capitalize the State Water Pollution Control Loan Fund, and to fund Michigan's participation in a regional Great Lakes Protection Fund.

Sections 324.95101 – 324.95108 of the MCL expanded this fund to account for the proceeds of \$570 million of Clean Michigan Initiative general obligation bonds approved by Michigan voters in November 1998. The statute directs that bond proceeds be used for environmental response activities at facilities, waterfront improvements, remediation of contaminated lake and river sediments, nonpoint source pollution prevention and control projects or wellhead protection projects, water quality monitoring and water resources protection, pollution control activities, and pollution prevention programs.

Sections 324.5201 – 324.5304 and 324.19701 – 324.19708 of the MCL, expanded this fund to account for the proceeds of \$1 billion of Great Lakes Water Quality general obligation bonds approved by Michigan voters in November 2002. The law directs that bond proceeds be used to finance sewage treatment works projects, storm water projects, and nonpoint source projects that improve the quality of the waters of the State. This fund records the bond proceeds and the administrative costs of DEQ. All programmatic loan and grant payments are reported in the financial statements of the Michigan Municipal Bond Authority, a discretely presented component unit.

#### MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND

The former Michigan Nongame Fish and Wildlife Fund was established in 1983 to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. Article 9, Section 42, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Nongame Fish and Wildlife Trust Fund.

The fund operates under Sections 324.43902 – 324.43907 of the Michigan Compiled Laws. The fund may receive transfers from other funds, donations, investment income, and revenue from specialty license plate sales.

#### MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND

Michigan Compiled Laws Section 409.312a established this fund for the purpose of conserving, improving, and developing the State's natural resources, and for enhancing, preserving, and maintaining public lands and waters through the employment of residents of this State in work training programs.

Twenty million dollars earmarked from the sale of the Accident Fund of Michigan provided the fund's permanent investment reserve. Only the interest and earnings of the fund can be expended. Public Act 147 of 2007 required the transfer of \$20 million from the fund to the General Fund, thereby eliminating the fund's permanent investment reserve.

Prior to fiscal year 2007, this fund was classified as a permanent fund but the 2007 legislation resulted in the reclassification of this fund to a special revenue fund.

#### FOREST DEVELOPMENT FUND

This fund was established in 1993, along with the Michigan Forest Finance Authority, and operates under Michigan Compiled Laws Section 324.50507. The primary revenue source of the fund is timber revenue from State forest lands. Expenditures from the fund are for forest management activities and forest fire protection. The Authority is authorized to, but thus far has not, issued bonds.

#### BOTTLE DEPOSITS FUND

Michigan Compiled Laws (MCL) Section 445.573c created the Bottle Deposits Fund to provide for the disposition of unredeemed bottle deposits. The Department of Treasury and the Department of Environmental Quality (DEQ) jointly administer the fund. The law mandates that an annual distribution of the funds be made as follows: 25% returned to the dealers and 75% to fund several sub-funds.

The 75% distribution to DEQ is initially deposited into the Cleanup and Redevelopment Trust Sub-Fund (CRTF), and if not further distributed, remains there until the principal amount reaches \$200 million. Of funds received annually by the CRTF, 80% is allocated to the Cleanup and Redevelopment Sub-Fund (CRF) and 10% to the Community Pollution Prevention Sub-Fund.

MCL Section 324.20108 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by DEQ or the Attorney General, or both, shall be credited to the ERF.

Several DEQ sub-funds are administratively housed within the Bottle Deposits Fund, although they receive no bottle deposits revenue. Included is the State Sites Cleanup Sub-Fund, established in accordance with MCL Section 324.20108c to provide for response activities at facilities where the State is liable as an owner or operator. The following loan programs administered by DEQ are also included: the Brownfield Revolving Loan Fund created by MCL Section 324.19608a, the Revitalization Revolving Loan Fund created by MCL Section 324.20108a, and the Federal Brownfield Cleanup and Revolving Loan Fund.

## COMBINING BALANCE SHEET

## SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

SEPTEMBER 30, 2008

(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND	COMBINED RECREATION BOND FUND- LOCAL PROJECTS
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 48	\$ -	\$ -
Equity in common cash	85,370	7,134	2,186
Taxes, interest, and penalties receivable	170	-	-
Amounts due from other funds	-	-	-
Amounts due from component units	-	-	-
Amounts due from federal agencies	1,534	-	-
Amounts due from local units	-	-	-
Inventories	305	-	-
Other current assets	4,179	2,111	-
Total Current Assets	91,606	9,245	2,186
Amounts due from local units	-	-	-
Investments	1,672	105,568	-
Other noncurrent assets	-	-	-
Total Assets	\$ 93,278	\$ 114,813	\$ 2,186
<b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities:			
Warrants outstanding	\$ 363	\$ 41	\$ -
Accounts payable and other liabilities	17,485	6	37
Amounts due to other funds	1,005	-	-
Deferred revenue	835	-	-
Total Current Liabilities	19,688	47	37
Long-Term Liabilities:			
Deferred revenue	-	-	-
Total Liabilities	19,688	47	37
Fund Balances:			
Reserves for:			
Budgetary Carry-Forwards:			
Encumbrances	17,899	-	-
Restricted revenues	25,193	-	-
Multi-year projects	25,476	-	-
Revolving loan programs	-	-	-
Funds held as permanent investments	1,658	108,766	-
Total Reserved	70,225	108,766	-
Unreserved	3,365	6,000	2,149
Total Fund Balances	73,590	114,766	2,149
Total Liabilities and Fund Balances	\$ 93,278	\$ 114,813	\$ 2,186

Michigan

COMBINED ENVIRONMENTAL PROTECTION BOND FUND	MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 4	\$ 3	\$ 56
35,977	460	818	11,821	65,854	209,620
-	-	-	-	-	170
2	-	-	-	-	2
7	-	-	-	-	7
-	-	-	337	-	1,871
2	-	-	-	338	339
-	-	-	-	-	305
-	45	-	120	8,599	15,054
35,987	505	818	12,282	74,793	227,423
-	-	-	-	13,148	13,148
-	5,800	-	-	-	113,041
-	-	-	-	1,543	1,543
\$ 35,987	\$ 6,305	\$ 818	\$ 12,282	\$ 89,485	\$ 355,155
\$ 17	\$ 1	\$ 1	\$ 70	\$ 76	\$ 568
12,270	39	41	2,882	1,770	34,530
5	3	1	219	135	1,369
-	-	-	121	1,058	2,014
12,291	43	43	3,291	3,040	38,482
-	-	-	-	1,543	1,543
12,291	43	43	3,291	4,583	40,025
-	124	-	852	-	18,876
-	-	-	-	48,839	74,032
-	-	-	1,310	-	26,786
-	-	-	-	28,453	28,453
-	5,895	-	-	7,610	123,928
-	6,019	-	2,162	84,902	272,074
23,696	243	775	6,829	-	43,056
23,696	6,262	775	8,991	84,902	315,131
\$ 35,987	\$ 6,305	\$ 818	\$ 12,282	\$ 89,485	\$ 355,155

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND	COMBINED RECREATION BOND FUND- LOCAL PROJECTS
<b>REVENUES</b>			
Taxes	\$ 257	\$ -	\$ -
From federal agencies	4,896	-	-
From licenses and permits	108,034	-	-
Miscellaneous	6,641	10,857	71
Total Revenues	119,828	10,857	71
<b>EXPENDITURES</b>			
Current:			
General government	5	1,149	-
Conservation, environment, recreation, and agriculture	149,462	68	47
Capital outlay	15,325	-	-
Total Expenditures	164,792	1,217	47
Excess of Revenues over (under) Expenditures	(44,964)	9,640	24
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds and notes issued	-	-	-
Premium on bond issuance	-	-	-
Transfers from other funds	28,938	-	-
Transfers to other funds	(1,958)	(12,007)	-
Total Other Financing Sources (Uses)	26,980	(12,007)	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(17,984)	(2,366)	24
Fund Balances - Beginning of fiscal year	91,574	117,132	2,125
Fund Balances - End of fiscal year	\$ 73,590	\$ 114,766	\$ 2,149

COMBINED ENVIRONMENTAL PROTECTION BOND FUND	MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257
-	-	-	267	693	5,856
-	-	-	2	-	108,036
1,976	446	1,083	30,296	25,477	76,847
1,976	446	1,083	30,565	26,170	190,996
-	71	182	-	-	1,406
42,943	598	471	27,187	18,029	238,804
-	-	-	467	-	15,791
42,943	668	652	27,654	18,029	256,002
(40,967)	(222)	431	2,911	8,141	(65,006)
25,000	-	-	-	-	25,000
1,215	-	-	-	-	1,215
-	-	-	-	6,463	35,400
(6,464)	(3)	(2)	(177)	(519)	(21,130)
19,751	(3)	(2)	(177)	5,943	40,485
(21,217)	(225)	429	2,734	14,084	(24,521)
44,912	6,487	346	6,257	70,818	339,651
\$ 23,696	\$ 6,262	\$ 775	\$ 8,991	\$ 84,902	\$ 315,131

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)

Statutory/Budgetary Basis	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND			MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
Taxes	\$ 257	\$ 257	\$ -	\$ -	\$ -	\$ -
From federal agencies	4,896	4,896	-	-	-	-
From licenses and permits	108,034	108,034	-	-	-	-
Miscellaneous	6,641	6,641	-	446	446	-
Transfers in	28,938	28,938	-	-	-	-
Total Revenues and Other Sources	148,766	148,766	-	446	446	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Natural Resources	189,225	184,644	4,582	725	725	-
Treasury	5	5	-	71	71	-
Total Expenditures, Transfers Out and Encumbrances	189,231	184,649	4,582	796	795	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (40,465)	(35,883)	\$ 4,582	\$ (350)	(349)	\$ -
Reconciling Items:						
Encumbrances at September 30		17,899			124	
Funds not annually budgeted		-			-	
Net Reconciling Items		17,899			124	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(17,984)			(225)	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		91,574			6,487	
Ending balances (GAAP Basis)		\$ 73,590			\$ 6,262	



MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND			FOREST DEVELOPMENT FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	267	267	-
-	-	-	2	2	-
1,083	1,083	-	30,296	30,296	-
-	-	-	-	-	-
<u>1,083</u>	<u>1,083</u>	<u>-</u>	<u>30,565</u>	<u>30,565</u>	<u>-</u>
535	472	62	28,870	28,683	187
182	182	-	-	-	-
<u>716</u>	<u>654</u>	<u>62</u>	<u>28,870</u>	<u>28,683</u>	<u>187</u>
<u>\$ 366</u>	<u>429</u>	<u>\$ 62</u>	<u>\$ 1,695</u>	<u>1,882</u>	<u>\$ 187</u>
	-			852	
	<u>-</u>			<u>-</u>	
	-			852	
	<u>-</u>			<u>-</u>	
	<u>429</u>			<u>2,734</u>	
	346			6,257	
<u>\$ 775</u>	<u>775</u>		<u>\$ 8,991</u>	<u>8,991</u>	

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED (Continued)**  
FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)

	FUNDS NOT ANNUALLY BUDGETED			
	MICHIGAN GAME AND FISH PROTECTION TRUST FUND	COMBINED RECREATION BOND FUND- LOCAL PROJECTS	COMBINED ENVIRONMENTAL PROTECTION BOND FUND	BOTTLE DEPOSITS FUND
	ACTUAL	ACTUAL	ACTUAL	ACTUAL
<u>Statutory/Budgetary Basis</u>				
<b>REVENUES AND OTHER SOURCES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	-	-	-
From licenses and permits	-	-	-	-
Miscellaneous	-	-	-	-
Transfers in	-	-	-	-
Total Revenues and Other Sources	-	-	-	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>				
Natural Resources	-	-	-	-
Treasury	-	-	-	-
Total Expenditures, Transfers Out and Encumbrances	-	-	-	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	-	-	-
Reconciling Items:				
Encumbrances at September 30	-	-	-	-
Funds not annually budgeted	(2,366)	24	(21,217)	14,084
Net Reconciling Items	(2,366)	24	(21,217)	14,084
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	(2,366)	24	(21,217)	14,084
<b>FUND BALANCES (GAAP BASIS)</b>				
Beginning balances	117,132	2,125	44,912	70,818
Ending balances (GAAP Basis)	\$ 114,766	\$ 2,149	\$ 23,696	\$ 84,902

TOTALS		
BUDGET	ACTUAL	VARIANCE
\$ 257	\$ 257	\$ -
5,163	5,163	-
108,036	108,036	-
38,466	38,466	-
28,938	28,938	-
<u>180,860</u>	<u>180,860</u>	<u>-</u>
219,355	214,524	4,831
<u>258</u>	<u>258</u>	<u>-</u>
<u>219,613</u>	<u>214,782</u>	<u>4,831</u>
<u>\$ (38,753)</u>	<u>(33,922)</u>	<u>\$ 4,831</u>
	18,876	
	<u>(9,475)</u>	
	<u>9,401</u>	
	<u>(24,521)</u>	
	<u>339,651</u>	
	<u>\$ 315,131</u>	



## SPECIAL REVENUE FUNDS – REGULATORY AND ADMINISTRATIVE RELATED

### MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND

Michigan Compiled Laws Section 421.10 created this fund to account for administrative costs of the Unemployment Insurance Agency, which is administered by the Department of Labor and Economic Growth. The fund derives most of its revenue from federal grants. It also receives transfers from the Michigan Employment Security Act Contingent Fund (reported as part of the Michigan Unemployment Compensation Funds, an enterprise fund). Expenditures for administration are subject to legislative appropriation.

Unemployment benefit payments to individuals are made directly from funds accumulated from employer premiums. These activities are reported in the Michigan Unemployment Compensation Funds.

### SAFETY EDUCATION AND TRAINING FUND

Michigan Compiled Laws Section 408.1055 imposes an annual levy on each insurance carrier licensed to write workers' disability compensation business in the State and on each self-insured employer. The Safety Education and Training Fund was established to receive these assessments for support of the Department of Labor and Economic Growth's Consultation Education and Training Division.

### STATE CONSTRUCTION CODE FUND

Michigan Compiled Laws Section 125.1522 created the State Construction Code Fund. Fees received for building permit applications and other funds collected under this legislation are appropriated by the Legislature for the operation of the Department of Labor and Economic Growth's Bureau of Construction Codes and Fire Safety and related indirect overhead expenditures.

### HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

Established by Michigan Compiled Laws Section 570.1201, the Homeowner Construction Lien Recovery Fund allows contractors, subcontractors, suppliers, and laborers to collect payments for work done if they have not been paid, despite filing a residential lien. The fund is self-sustaining and is financed by fees assessed on builders, electrical and plumbing contractors, and laborers.

### STATE CASINO GAMING FUND

Created by Michigan Compiled Laws Section 432.212, this fund provides the licensing, regulation, and control of casino gaming activities in Michigan. The five-member gaming control board is vested with the authority for licensing, regulating, and controlling casino gaming operations; manufacturers and distributors of gaming equipment and supplies; and persons who participate in gaming. Activities financed by casino gaming revenue are legally restricted for specific purposes.

### SECOND INJURY FUND

Michigan Compiled Laws Section 418.501, created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The administrator, appointed by the fund's Board of Trustees, supervises the fund. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers licensed or authorized in Michigan.

### SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND

Established by Michigan Compiled Laws Section 418.501, the Silicosis, Dust Disease, and Logging Industry Compensation Fund reimburses insurance carriers who pay benefits to employees injured from certain dust diseases, and employees who have sustained personal injury or death while being employed in the logging industry. Revenues are generated through annual assessments of insurance carriers.

### SELF-INSURERS' SECURITY FUND

Established by Michigan Compiled Laws Section 418.501, the Self-Insurers' Security Fund pays workers' compensation benefits to injured employees of insolvent, private self-insured employers. Revenues are generated through annual assessments of insurance carriers.

Funds held in trust per court orders to pay obligations due under the Michigan Workers' Disability Compensation Act are reported as liabilities of this fund.

### UTILITY CONSUMER REPRESENTATION FUND

Established by Michigan Compiled Laws Section 460.6m, the Utility Consumer Representation Fund provides funding, on behalf of residential gas, fuel, and electric customers, for energy cost recovery hearings before the Michigan Public Service Commission. Revenues are generated through annual assessments of regulated utility companies.

**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**  
 SEPTEMBER 30, 2008  
 (In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND
<b>ASSETS</b>				
Current Assets:				
Equity in common cash	\$ -	\$ 5,617	\$ 1,243	\$ 2,595
Amounts due from other funds	993	-	-	-
Amounts due from federal agencies	13,126	-	-	-
Other current assets	13	-	207	-
Total Current Assets	<u>14,132</u>	<u>5,617</u>	<u>1,450</u>	<u>2,595</u>
Total Assets	<u>\$ 14,132</u>	<u>\$ 5,617</u>	<u>\$ 1,450</u>	<u>\$ 2,595</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ 13	\$ 1	\$ 7	\$ 166
Accounts payable and other liabilities	5,366	313	374	208
Amounts due to other funds	8,753	50	80	2
Deferred revenue	-	-	-	-
Total Current Liabilities	<u>14,132</u>	<u>364</u>	<u>461</u>	<u>376</u>
Total Liabilities	<u>14,132</u>	<u>364</u>	<u>461</u>	<u>376</u>
Fund Balances:				
Reserves for:				
Budgetary carry-forwards:				
Encumbrances	-	246	9	-
Restricted revenues	-	-	-	-
Total Reserved	<u>-</u>	<u>246</u>	<u>9</u>	<u>-</u>
Unreserved	<u>-</u>	<u>5,007</u>	<u>979</u>	<u>2,219</u>
Total Fund Balances	<u>-</u>	<u>5,253</u>	<u>988</u>	<u>2,219</u>
Total Liabilities and Fund Balances	<u>\$ 14,132</u>	<u>\$ 5,617</u>	<u>\$ 1,450</u>	<u>\$ 2,595</u>

STATE CASINO GAMING FUND	SECOND INJURY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	SELF-INSURERS' SECURITY FUND	UTILITY CONSUMER REPRESENTATION FUND	TOTALS
\$ 12,449	\$ 10,989	\$ 2,904	\$ 23,925	\$ 3,732	\$ 63,454
-	7,782	-	-	-	8,775
-	-	-	-	-	13,126
72	574	41	275	-	1,182
<u>12,521</u>	<u>19,345</u>	<u>2,945</u>	<u>24,200</u>	<u>3,732</u>	<u>86,537</u>
<u>\$ 12,521</u>	<u>\$ 19,345</u>	<u>\$ 2,945</u>	<u>\$ 24,200</u>	<u>\$ 3,732</u>	<u>\$ 86,537</u>
\$ 1	\$ 585	\$ 24	\$ 233	\$ 8	\$ 1,038
661	1,989	466	11,564	205	21,147
81	17	6	10	3	9,001
62	4,071	689	784	-	5,606
<u>806</u>	<u>6,662</u>	<u>1,184</u>	<u>12,590</u>	<u>216</u>	<u>36,791</u>
806	6,662	1,184	12,590	216	36,791
-	-	-	-	-	255
9,980	-	-	-	-	9,980
<u>9,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,235</u>
1,736	12,683	1,761	11,610	3,515	39,510
<u>11,716</u>	<u>12,683</u>	<u>1,761</u>	<u>11,610</u>	<u>3,515</u>	<u>49,746</u>
<u>\$ 12,521</u>	<u>\$ 19,345</u>	<u>\$ 2,945</u>	<u>\$ 24,200</u>	<u>\$ 3,732</u>	<u>\$ 86,537</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND
<b>REVENUES</b>				
From federal agencies	\$ 135,808	\$ -	\$ -	\$ -
From licenses and permits	-	-	7,928	-
Miscellaneous	7	9,148	90	1,132
Total Revenues	135,814	9,148	8,017	1,132
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Labor, commerce, and regulatory	147,689	7,893	10,722	2,294
Debt Service:				
Capital lease payments	1,400	-	-	-
Total Expenditures	149,089	7,893	10,722	2,294
Excess of Revenues over (under) Expenditures	(13,275)	1,255	(2,705)	(1,162)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease acquisitions	4,126	-	-	-
Transfers from other funds	10,002	-	-	-
Transfers to other funds	(853)	(56)	(85)	(1)
Total Other Financing Sources (Uses)	13,275	(56)	(85)	(1)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	1,199	(2,791)	(1,163)
Fund Balances - Beginning of fiscal year	-	4,054	3,779	3,382
Fund Balances - End of fiscal year	\$ -	\$ 5,253	\$ 988	\$ 2,219



STATE CASINO GAMING FUND	SECOND INJURY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	SELF-INSURERS' SECURITY FUND	UTILITY CONSUMER REPRESENTATION FUND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,808
1,373	-	-	-	-	9,301
32,052	16,604	2,437	6,182	1,205	68,858
<u>33,426</u>	<u>16,604</u>	<u>2,437</u>	<u>6,182</u>	<u>1,205</u>	<u>213,966</u>
18,643	-	-	-	507	19,149
-	16,059	2,127	6,344	659	193,786
-	-	-	-	-	1,400
<u>18,643</u>	<u>16,059</u>	<u>2,127</u>	<u>6,344</u>	<u>1,165</u>	<u>214,336</u>
14,783	545	311	(162)	40	(370)
-	-	-	-	-	4,126
-	-	-	-	-	10,002
(11,821)	(13)	(4)	(6)	(3)	(12,843)
<u>(11,821)</u>	<u>(13)</u>	<u>(4)</u>	<u>(6)</u>	<u>(3)</u>	<u>1,285</u>
2,962	532	306	(168)	37	915
8,754	12,151	1,454	11,778	3,478	48,830
<u>\$ 11,716</u>	<u>\$ 12,683</u>	<u>\$ 1,761</u>	<u>\$ 11,610</u>	<u>\$ 3,515</u>	<u>\$ 49,746</u>

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND			SAFETY EDUCATION AND TRAINING FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
From federal agencies	\$ 135,808	\$ 135,808	\$ -	\$ -	\$ -	\$ -
From licenses and permits	-	-	-	-	-	-
Miscellaneous	7	7	-	9,148	9,148	-
Transfers in	10,002	10,002	-	-	-	-
Total Revenues and Other Sources	145,816	145,816	-	9,148	9,148	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Labor and Economic Growth	145,816	145,816	-	9,230	8,196	1,035
Treasury	-	-	-	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	145,816	145,816	-	9,230	8,196	1,035
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ -	-	\$ -	(82)	953	\$ 1,035
Reconciling Items:						
Encumbrances at September 30		-			246	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			246	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		-			1,199	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		-			4,054	
Ending balances (GAAP Basis)		\$ -			\$ 5,253	

STATE CONSTRUCTION CODE FUND			HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,928	7,928	-	-	-	-
90	90	-	1,132	1,132	-
-	-	-	-	-	-
8,017	8,017	-	1,132	1,132	-
15,416	10,817	4,599	2,400	2,294	106
-	-	-	-	-	-
15,416	10,817	4,599	2,400	2,294	106
<u>\$ (7,398)</u>	<u>(2,800)</u>	<u>\$ 4,599</u>	<u>\$ (1,268)</u>	<u>(1,163)</u>	<u>\$ 106</u>
	9			-	
	-			-	
	9			-	
	(2,791)			(1,163)	
	3,779			3,382	
<u>\$ 988</u>			<u>\$ 2,219</u>		

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued)**  
FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>STATE CASINO GAMING FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES AND OTHER SOURCES</b>			
From federal agencies	\$ -	\$ -	\$ -
From licenses and permits	1,373	1,373	-
Miscellaneous	32,052	32,052	-
Transfers in	-	-	-
Total Revenues and Other Sources	<u>33,426</u>	<u>33,426</u>	<u>-</u>
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>			
Labor and Economic Growth	-	-	-
Treasury	<u>30,464</u>	<u>30,464</u>	<u>-</u>
Total Expenditures, Transfers Out, and Encumbrances	<u>30,464</u>	<u>30,464</u>	<u>-</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ 2,962</u>	<u>2,962</u>	<u>\$ -</u>
Reconciling Items:			
Encumbrances at September 30		-	-
Funds not annually budgeted		<u>-</u>	-
Net Reconciling Items		<u>-</u>	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>2,962</u>	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balances		<u>8,754</u>	
Ending balances (GAAP Basis)		<u>\$ 11,716</u>	

## FUNDS NOT ANNUALLY BUDGETED

SECOND INJURY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	SELF-INSURERS' SECURITY FUND	UTILITY CONSUMER REPRESENTATION FUND	TOTALS		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ 135,808	\$ 135,808	\$ -
-	-	-	-	9,301	9,301	-
-	-	-	-	42,429	42,429	-
-	-	-	-	10,002	10,002	-
-	-	-	-	197,539	197,539	-
-	-	-	-	172,862	167,123	5,739
-	-	-	-	30,464	30,464	-
-	-	-	-	203,326	197,587	5,739
-	-	-	-	<u>\$ (5,786)</u>	<u>(48)</u>	<u>\$ 5,739</u>
-	-	-	-		255	
532	306	(168)	37		708	
532	306	(168)	37		963	
532	306	(168)	37		915	
12,151	1,454	11,778	3,478		48,830	
<u>\$ 12,683</u>	<u>\$ 1,761</u>	<u>\$ 11,610</u>	<u>\$ 3,515</u>		<u>\$ 49,746</u>	



## SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

### SCHOOL BOND LOAN FUND

Article 9, Section 16, of the State Constitution, Sections 388.921 and 388.981 of the Michigan Compiled Laws authorized the issuance of State general obligation bonds to provide funds for loans to school districts. Loans are made for the payment of principal and interest on school district bonds under prescribed circumstances. State bond proceeds are credited to the fund as an "Other Financing Source." When loans are made, transfers are recorded to the General Fund, which receives loan payments and provides financing for debt service. In the General Fund, loans receivable are recorded as assets.

### 21<sup>st</sup> CENTURY JOBS TRUST FUND

Michigan Compiled Laws Section 12.257 created the 21<sup>st</sup> Century Jobs Trust Fund to account for the transfer of the net bond proceeds issued by the Michigan Tobacco Settlement Finance Authority. The bonds are issued to provide sufficient funds to purchase all or a portion of the State's receipts from the master settlement agreement between tobacco manufacturers and the State. Fund expenditures are used to reimburse the Michigan Strategic Fund for expenses related to revitalizing Michigan's economy and for other programs as determined by the Legislature. The fund may accept donations of money from any source; all interest earned is deposited into the State's General Fund. Beginning in fiscal year 2008 through 2015, the fund will also receive a portion of the tobacco settlement revenue received by the State.

### MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY

Michigan Compiled Laws Section 129.264 created the Michigan Tobacco Settlement Finance Authority (MTSFA) to issue bonds necessary to provide sufficient funds to purchase all or a portion of the State's tobacco receipts from the master settlement agreement between tobacco manufacturers and the State. MTSFA may also issue refunding bonds. Bonds are special revenue obligations that are payable primarily from and secured by a pledge of encumbered tobacco revenue and other assets. These bonds are not a general obligation of the State. MTSFA is required to disburse the net proceeds of the bonds to the 21<sup>st</sup> Century Jobs Trust Fund. The MTSFA special revenue fund receives bond proceeds and disburses those for the intended purposes stated in the official statement of each bond series.

MTSFA is administered by a seven-member board of directors, including the State Treasurer; the Director of the Department of Labor and Economic Growth; and five other members appointed by the Governor with varying levels of consent from the members of the legislature.

### MICHIGAN MERIT AWARD TRUST FUND

This fund was created by Michigan Compiled Laws (MCL) Section 12.259 to account for a portion of the revenue from the master settlement agreement between tobacco manufacturers and the State. The settlement reimburses the State for health care costs, which result from the use of tobacco products. The fund also consists of interest and earnings from trust fund investments and donations. Fund expenditures are used for the Michigan Merit Award Scholarship, Michigan Promise Scholarship, and other programs as determined by the Legislature.

All assets and liabilities of the Tobacco Settlement Trust Fund, established by MCL Section 12.253 and repealed as part of tobacco securitization legislation passed in November 2005, were transferred to the Michigan Merit Award Trust Fund in fiscal year 2006.

### CHILDREN'S TRUST FUND

Michigan Compiled Laws (MCL) Section 21.171 established the Children's Trust Fund to support the State Child Abuse and Neglect Prevention Board. The Board was established under MCL Section 722.603 to coordinate and fund activities for the prevention of child abuse and neglect in the State. Not more than one-half the money contributed to the trust fund each year, plus the interest and earnings, excluding unrealized gains and losses, credited to the trust fund during the previous fiscal year are available for disbursement. Money received as gifts or donations to the trust fund shall be available for disbursement upon appropriation. Funds that are not available for disbursement are reserved as funds held for permanent investment.

### ASSIGNED CLAIMS FACILITY AND PLAN FUND

Michigan Compiled Laws Section 500.3171 requires the Secretary of State to organize and maintain the Assigned Claims Facility and Plan Fund to provide personal protection insurance benefits to persons injured by uninsured motorists, when coverage is not available from other sources. The facility administers the plan through servicing insurers. Assessments to self-insurers and no-fault insurers cover the costs incurred in the operation of the facility and the plan.

### MILITARY FAMILY RELIEF FUND

Michigan Compiled Laws Section 35.1213 created this fund to provide assistance to families of certain members of the reserve components of the United States armed forces on active duty. A qualified individual or the individual's family shall apply to the Department of Military and Veterans Affairs for a grant from the fund. Funds are received primarily from taxpayer contributions on his or her annual State tax return designating \$1 or more of his or her refund to be credited to this fund.

### MISCELLANEOUS SPECIAL REVENUE FUNDS

The miscellaneous special revenue funds column reflects the activities of the following funds: Vietnam Veterans' Memorial Monument, Law Enforcement Officers Memorial, Children's Institute Trust, and Special Assessment Deferment.

**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - OTHER STATE FUNDS**  
 SEPTEMBER 30, 2008  
 (In Thousands)

	SCHOOL BOND LOAN FUND	21ST CENTURY JOBS TRUST FUND	MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY	MICHIGAN MERIT AWARD TRUST FUND
<b>ASSETS</b>				
Current Assets:				
Equity in common cash	\$ 715	\$ 277,043	\$ 89	\$ 12,556
Investments	-	-	75,346	-
Other current assets	-	56,250	29,457	122,497
Total Current Assets	715	333,293	104,891	135,054
Investments	-	-	50,948	-
Other noncurrent assets	-	-	-	-
Total Assets	\$ 715	\$ 333,293	\$ 155,839	\$ 135,054
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ -	\$ -	\$ -	\$ 8
Accounts payable and other liabilities	-	375	6	6,730
Amounts due to other funds	-	-	1	16
Deferred revenue	-	56,250	27,515	122,492
Total Current Liabilities	-	56,625	27,522	129,245
Deferred revenue	-	-	-	-
Total Liabilities	-	56,625	27,522	129,245
Fund Balances:				
Reserves for:				
Funds held as permanent investments	-	-	-	-
Noncurrent assets	-	-	-	-
Total Reserved	-	-	-	-
Unreserved	715	276,668	128,317	5,808
Total Fund Balances	715	276,668	128,317	5,808
Total Liabilities and Fund Balances	\$ 715	\$ 333,293	\$ 155,839	\$ 135,054



CHILDREN'S TRUST FUND	ASSIGNED CLAIMS FACILITY AND PLAN FUND	MILITARY FAMILY RELIEF FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ 3,881	\$ 474	\$ 2,133	\$ 2,535	\$ 299,425
-	-	-	-	75,346
253	564	-	207	209,229
4,134	1,038	2,133	2,742	584,000
17,710	-	-	-	68,658
-	-	-	994	994
\$ 21,844	\$ 1,038	\$ 2,133	\$ 3,736	\$ 653,651
\$ 6	\$ -	\$ 4	\$ 14	\$ 31
323	24	3	-	7,462
5	6	-	-	28
6	1,008	-	-	207,271
341	1,038	7	14	214,792
-	-	-	318	318
341	1,038	7	332	215,110
19,774	-	-	-	19,774
-	-	-	676	676
19,775	-	-	676	20,451
1,728	-	2,126	2,727	418,090
21,503	-	2,126	3,404	438,541
\$ 21,844	\$ 1,038	\$ 2,133	\$ 3,736	\$ 653,651

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## SPECIAL REVENUE FUNDS - OTHER STATE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

	SCHOOL BOND LOAN FUND	21ST CENTURY JOBS TRUST FUND	MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY	MICHIGAN MERIT AWARD TRUST FUND
<b>REVENUES</b>				
From federal agencies	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	75,000	45,261	176,458
Total Revenues	-	75,000	45,261	176,458
<b>EXPENDITURES</b>				
Current:				
General government	-	90,812	1,098	2,828
Education	-	-	-	88,059
Human services	-	-	-	15,850
Public safety and corrections	-	-	-	-
Health services	-	-	-	69,900
Total Expenditures	-	90,812	1,098	176,637
Excess of Revenues over (under) Expenditures	-	(15,812)	44,163	(178)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and notes issued	-	-	63,742	-
Discount on bond issuance	-	-	(1,042)	-
Transfers from other funds	-	60,000	-	-
Transfers to other funds	-	-	(127,358)	(4,253)
Total Other Financing Sources (Uses)	-	60,000	(64,657)	(4,253)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	44,188	(20,494)	(4,431)
Fund Balances - Beginning of fiscal year	715	232,480	148,811	10,239
Fund Balances - End of fiscal year	\$ 715	\$ 276,668	\$ 128,317	\$ 5,808

CHILDREN'S TRUST FUND	ASSIGNED CLAIMS FACILITY AND PLAN FUND	MILITARY FAMILY RELIEF FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ 1,039	\$ -	\$ -	\$ -	\$ 1,039
982	146,909	555	128	445,293
2,021	146,909	555	128	446,332
337	146,842	-	122	242,039
-	-	-	-	88,059
2,827	-	-	1	18,679
-	-	182	-	182
-	-	-	-	69,900
3,164	146,842	182	124	418,859
(1,143)	67	373	4	27,473
-	-	-	-	63,742
-	-	-	-	(1,042)
-	-	-	-	60,000
(3)	(67)	-	-	(131,680)
(3)	(67)	-	-	(8,980)
(1,146)	-	373	4	18,494
22,649	-	1,753	3,400	420,047
\$ 21,503	\$ -	\$ 2,126	\$ 3,404	\$ 438,541

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

<u>Statutory/Budgetary Basis</u>	21ST CENTURY JOBS TRUST FUND			MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	75,000	75,000	-	45,261	45,261	-
Bonds and notes issued	-	-	-	63,742	63,742	-
Transfers in	60,000	60,000	-	-	-	-
Total Revenues and Other Sources	135,000	135,000	-	109,003	109,003	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Attorney General	-	-	-	-	-	-
Colleges and Universities Grants	-	-	-	-	-	-
Community Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Treasury	367,480	90,812	276,668	257,736	129,498	128,238
Total Expenditures, Transfers Out, and Encumbrances	367,480	90,812	276,668	257,736	129,498	128,238
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (232,480)	44,188	\$ 276,668	\$ (148,732)	(20,494)	\$ 128,238
Reconciling Items:						
Encumbrances at September 30		-			-	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		44,188			(20,494)	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		232,480			148,811	
Ending balances (GAAP Basis)		\$ 276,668			\$ 128,317	

# Michigan

MICHIGAN MERIT AWARD TRUST FUND			CHILDREN'S TRUST FUND			MILITARY FAMILY RELIEF FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ 1,039	\$ 1,039	\$ -	\$ -	\$ -	\$ -
176,458	176,458	-	982	982	-	555	555	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
176,458	176,458	-	2,021	2,021	-	555	555	-
407	358	49	-	-	-	-	-	-
98,050	92,309	5,741	-	-	-	-	-	-
69,900	69,900	-	-	-	-	-	-	-
15,850	15,850	-	4,849	2,830	2,019	-	-	-
-	-	-	-	-	-	1,000	182	818
3,144	2,473	671	337	337	-	-	-	-
187,351	180,890	6,461	5,186	3,168	2,019	1,000	182	818
<u>\$ (10,892)</u>	<u>(4,431)</u>	<u>\$ 6,461</u>	<u>\$ (3,165)</u>	<u>(1,146)</u>	<u>\$ 2,019</u>	<u>\$ (445)</u>	<u>373</u>	<u>\$ 818</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(4,431)			(1,146)			373		
10,239			22,649			1,753		
<u>\$ 5,808</u>			<u>\$ 21,503</u>			<u>\$ 2,126</u>		

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS (Continued)**

FISCAL YEAR ENDED SEPTEMBER 30, 2008

(In Thousands)

	FUNDS NOT ANNUALLY BUDGETED					
	SCHOOL BOND LOAN FUND	ASSIGNED CLAIMS FACILITY AND PLAN FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS		
Statutory/Budgetary Basis	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
From federal agencies	\$ -	\$ -	\$ -	\$ 1,039	\$ 1,039	\$ -
Miscellaneous	-	-	-	298,256	298,256	-
Bonds and notes issued	-	-	-	63,742	63,742	-
Transfers in	-	-	-	60,000	60,000	-
Total Revenues and Other Sources	-	-	-	423,038	423,038	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	407	358	49
Colleges and Universities Grants	-	-	-	98,050	92,309	5,741
Community Health	-	-	-	69,900	69,900	-
Human Services	-	-	-	20,699	18,680	2,019
Military and Veterans Affairs	-	-	-	1,000	182	818
Treasury	-	-	-	628,697	223,120	405,577
Total Expenditures, Transfers Out, and Encumbrances	-	-	-	818,753	404,549	414,204
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	-	-	\$ (395,715)	18,489	\$ 414,204
Reconciling Items:						
Encumbrances at September 30	-	-	-		-	
Funds not annually budgeted	-	-	4		4	
Net Reconciling Items	-	-	4		4	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	-	-	4		18,494	
FUND BALANCES (GAAP BASIS)						
Beginning balances	715	-	3,400		420,047	
Ending balances (GAAP Basis)	\$ 715	\$ -	\$ 3,404		\$ 438,541	